

COPY



ANCHOR POINT ENERGY, LLC

RECEIVED

FEB 19 2010

**STATE PIPELINE
COORDINATORS**

February 18, 2010

Mike Thompson
State Pipeline Coordinator's Office
411 West 4th Avenue, Second Floor
Anchorage, Alaska 99501

Re: Natural Gas Pipeline Construction and Operation
Anchor Point Energy, LLC
Kenai Peninsula Borough, Alaska

Dear Mr. Thompson:

Enclosed is an application for Anchor Point Energy, LLC to construct and operate an eight mile long natural gas pipeline located in the Kenai Peninsula Borough near Anchor Point, Alaska. The pipeline is intended to transport natural gas from the North Fork Unit and deliver it to a sales pipeline operated by Enstar Natural Gas Company. The upland areas of the pipeline are intended to be constructed in late summer 2010 and the wetlands portions of the pipeline is intended to be constructed during winter months and be completed in early 2011.

The application, a Coastal Project Questionnaire, and other applicable information are attached to this letter.

Should you have any questions, you can call either me at 303-623-1821 or Bob Britch at 907-243-7716.

Sincerely,

Ed Teng
Vice President-Engineering

**Right- of-Way Leasing Act
AS 38.35.050**

APPLICATION FOR PIPELINE RIGHT-OF-WAY LEASE

1. Date of Application:

February 18, 2010

2 Name and Address of Applicant(s):

Anchor Point Energy, LLC
1421 Blake Street
Denver, Colorado 80202

The designated contact for the applicant is:

Ed Teng, Vice President-Engineering
(303) 623-1821 office
(303) 981-9957 cell
(303) 623-3019 fax
edteng@armstrongoilandgas.com email

PART I. PROPOSED ROUTE

3. Point of Origin:

North Fork Unit Production Pad (Section 26, Township 4 South, Range 14 West, Seward Meridian)

4. Point of Termination:

Anchor Point Alaska (Section 34, Township 4 South, Range 15 West, Seward Meridian)

5. Total proposed length:

7.4 miles or 11.9 kilometers
Figures 5-1 through 5-7 provide details of the entire route.

6. Total length proposed to cross state lands:

ADNR Land: 2.9 miles or 4.6 kilometers
ADOT/PF ROW: 0.2 miles or 0.3 kilometers
Figure 6-1 provides an overview of the land ownership for the route.

- 7. Attach a map or plat showing the proposed alignment of the centerline of the pipeline right-of-way, and indicate the areas of state upland ownership throughout the length of the proposed right-of-way.**

State land ownership is located on Figure 6-1. Only the westernmost 0.2 miles of State land is uplands; the remainder of the land is essentially wetlands.

- 8. Proposed crossings of streams and other bodies of water. (For each crossing indicate the width and depth of the stream or water body.)**

There are four stream crossings along the proposed route. Information for each route is as follow:

| Stream | Location | Channel Width | Channel Depth | Comments |
|---------------------------------------|------------------------|----------------|---------------|--------------------------------------|
| Unnamed Tributary to North Fork River | Sec. 34, T4S, R14W, SM | 3 feet | < 1 foot | Sands and silts, 3.5% slope |
| Unnamed Tributary to Two Moose Creek | Sec. 32, T4S, R14W, SM | 8 feet | 2.4 foot | Sands, silts and cobbles; 0.7% slope |
| Branson Creek-Upstream | Sec. 36, T4S, R15W, SM | 160feet (pond) | 1 foot | Organic soils; 0.2 % slope |
| Branson Creek-Downstream | Sec. 35, T4S, R15W, SM | 9feet | 2 foot | Sands and silts, 0.6 % slope |
| North Fork River | Sec. 36, T4S, R14W, SM | 40 feet | 3-5 foot | Sands and gravels; 0.5 % slope |

- 9. Attach a map or plat showing the proposed alignment of the centerline of the pipeline right-of-way where it crosses the beds of streams or other bodies of water.**

See Figure 9-1 through 9-6, and Item 8 above.

- 10. Width of the proposed temporary right-of-way required for construction for each segment of the pipeline route on state lands.**

The proposed width for pipeline construction in all areas is 50 feet.

- 11. Size and location of any sites, in addition to the proposed pipeline right-of-way, requested on a temporary basis during construction.**

The proposed width for pipeline construction on all other lands other than State lands is 50 feet. A separate 5 acre staging area for construction operations may be required (potentially on CIRI lands) along the proposed ROW. These plans will be finalized prior to construction and appropriate approvals will be obtained from the landowner(s).

12. Width of the proposed right-of-way required for operating the completed pipeline for each segment of the pipeline route on state lands.

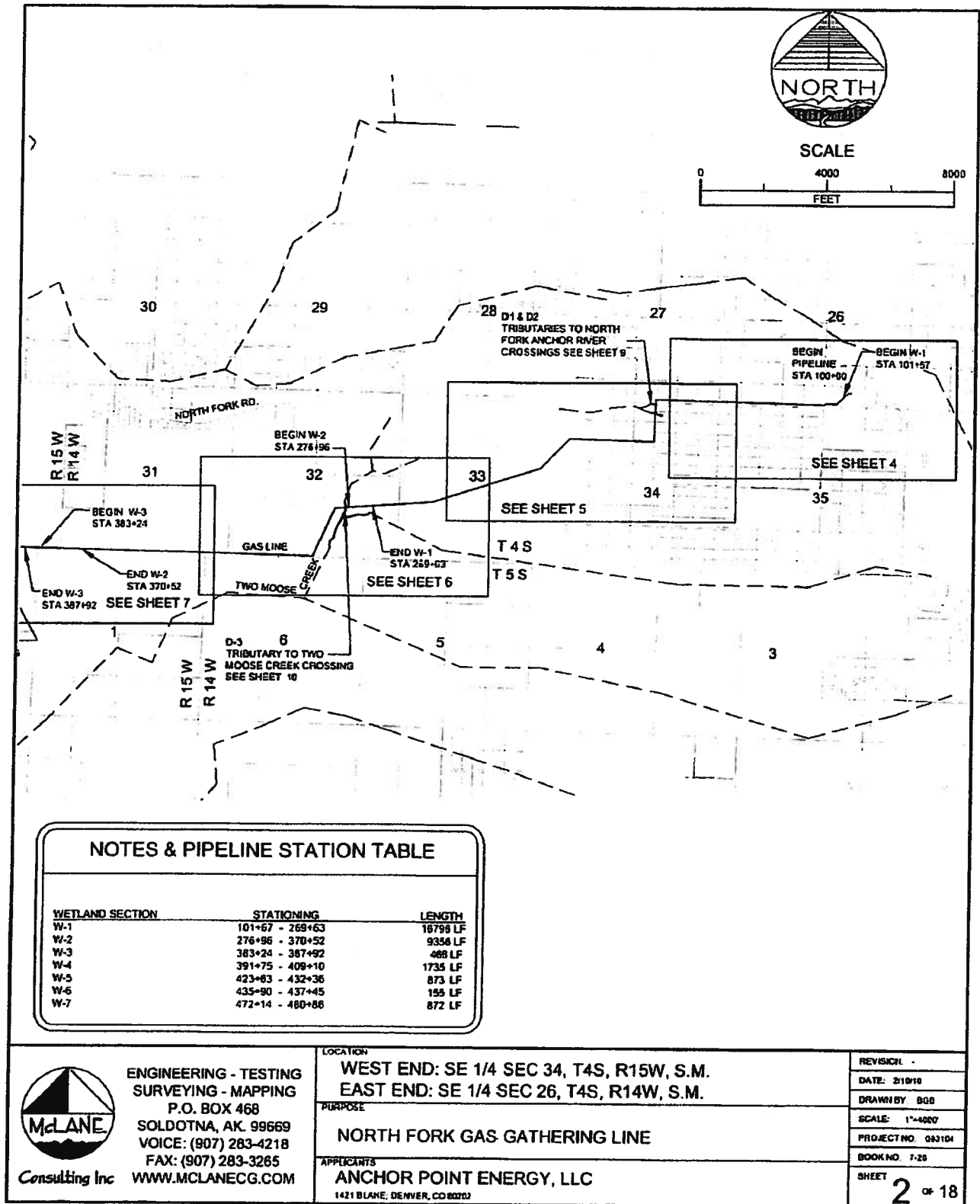
The proposed width for the completed pipeline on State lands is 20 feet.

13. Size and location of any sites, in addition to the proposed pipeline right-of-way, requested for the operation of the completed pipeline.

A site (approximately one to two acre) will be needed at the location of the metering building in Anchor Point where the gas is transferred to Enstar. Depending on the final design, it is possible that gas compression facilities may be needed at this site.

14. Legal description of state lands within the proposed pipeline right-of-way that are reserved or committed to any purpose. (For each tract of such state lands, state the purpose to which it is reserved or committed.)

There are no known commitments for state lands known to exist at this time.



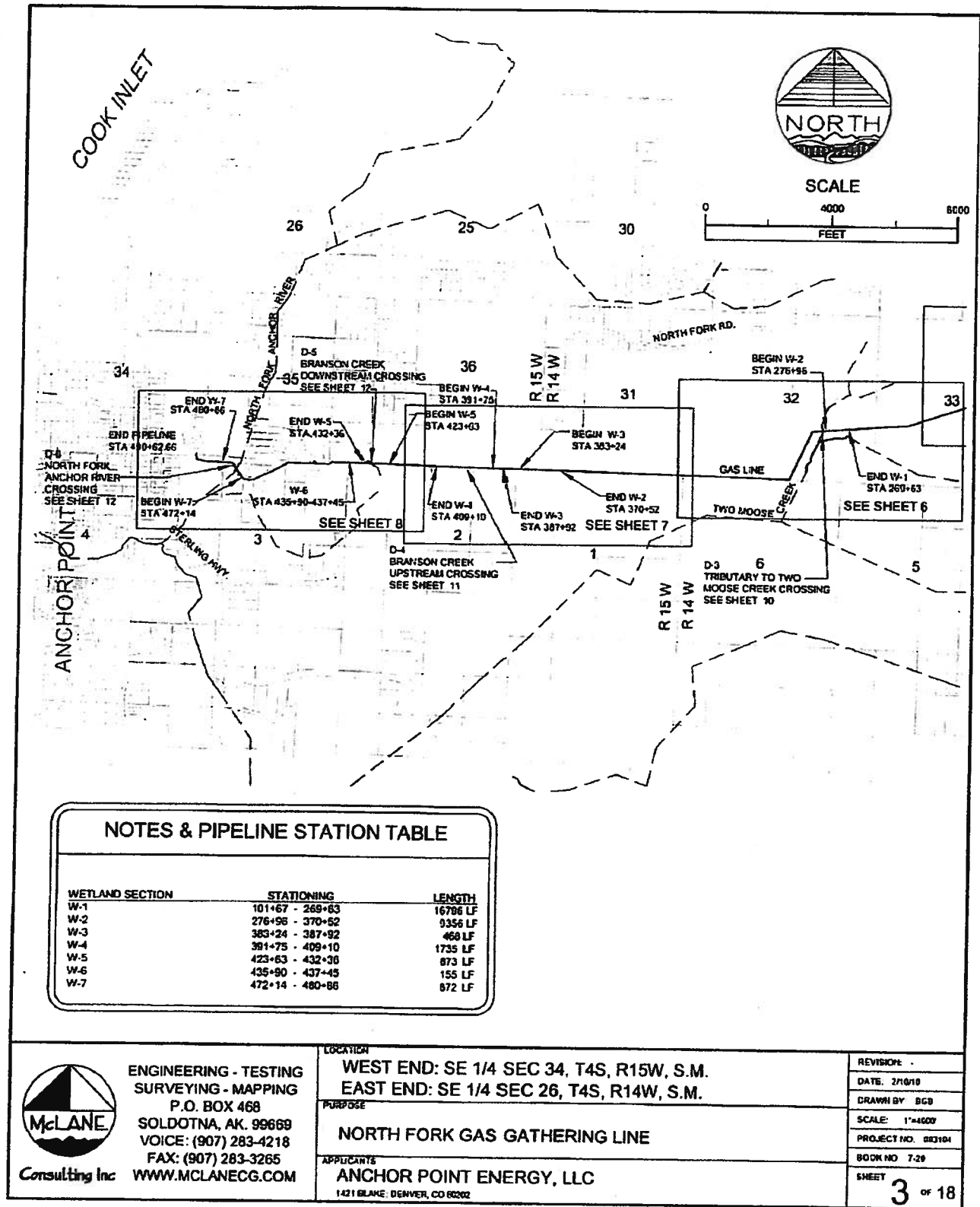


Figure 5-2. Reference Map for West End of Pipeline Route.

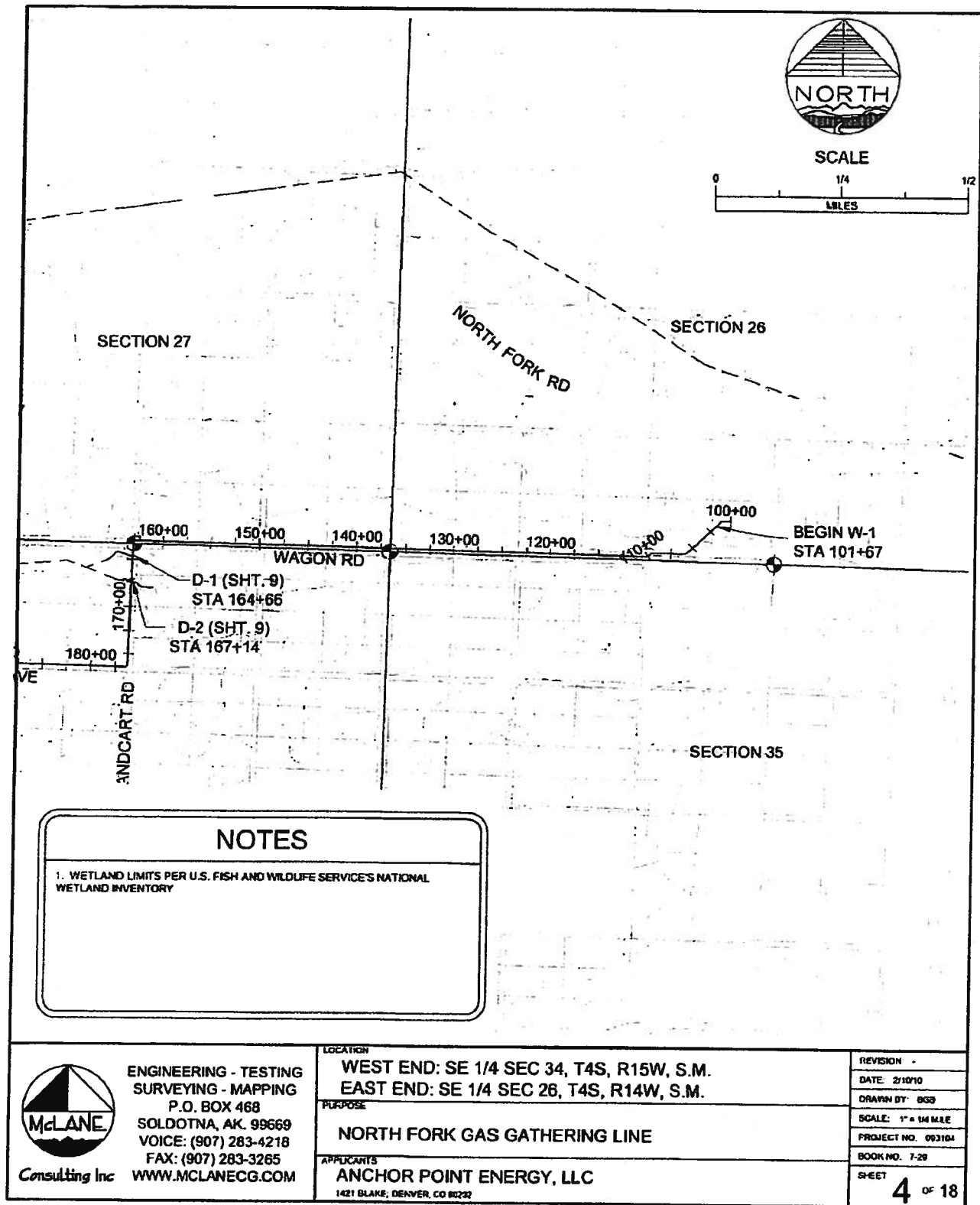


Figure 5-3. Route Map-Sheet 6.

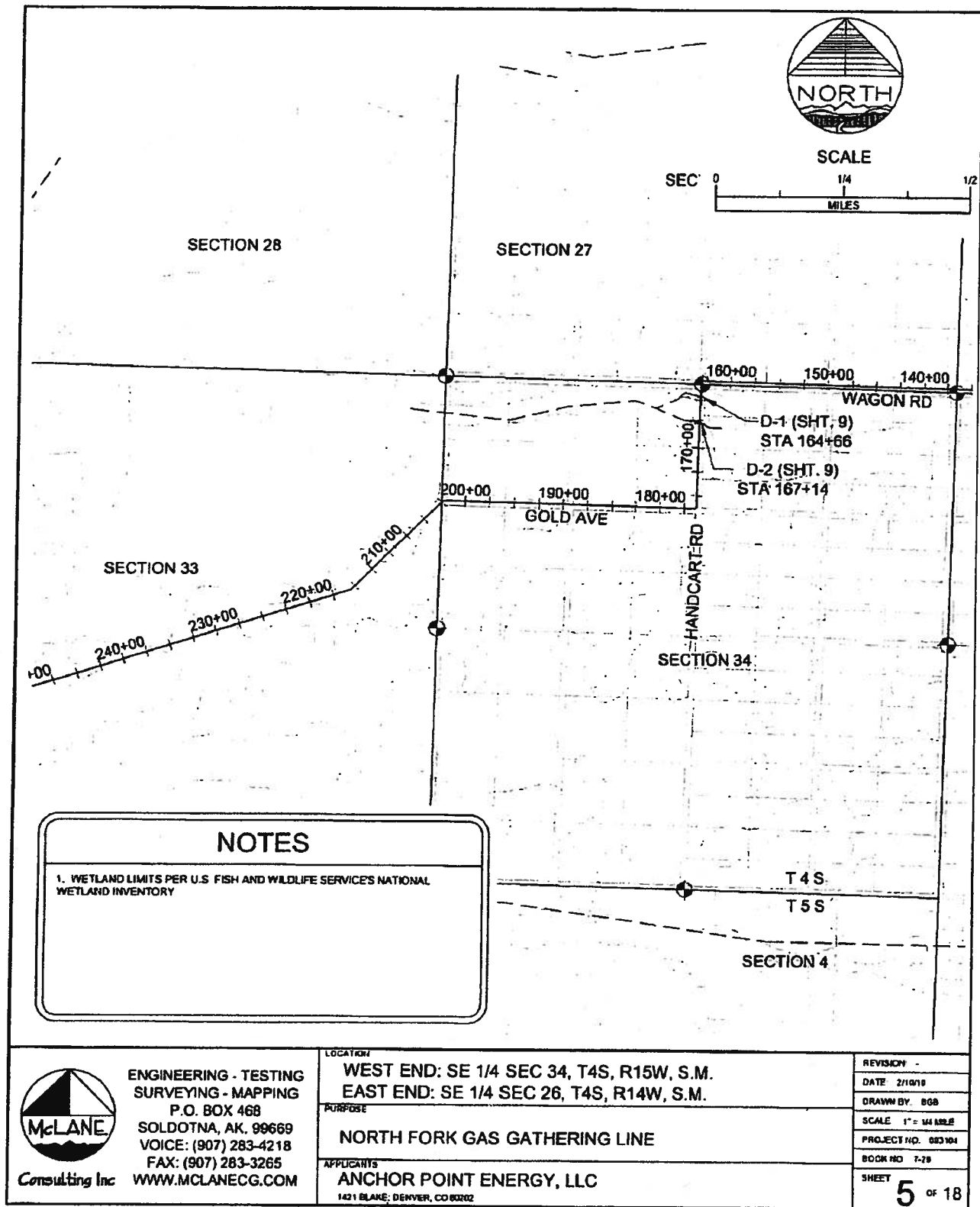


Figure 5-4. Route Map-Sheet 5.

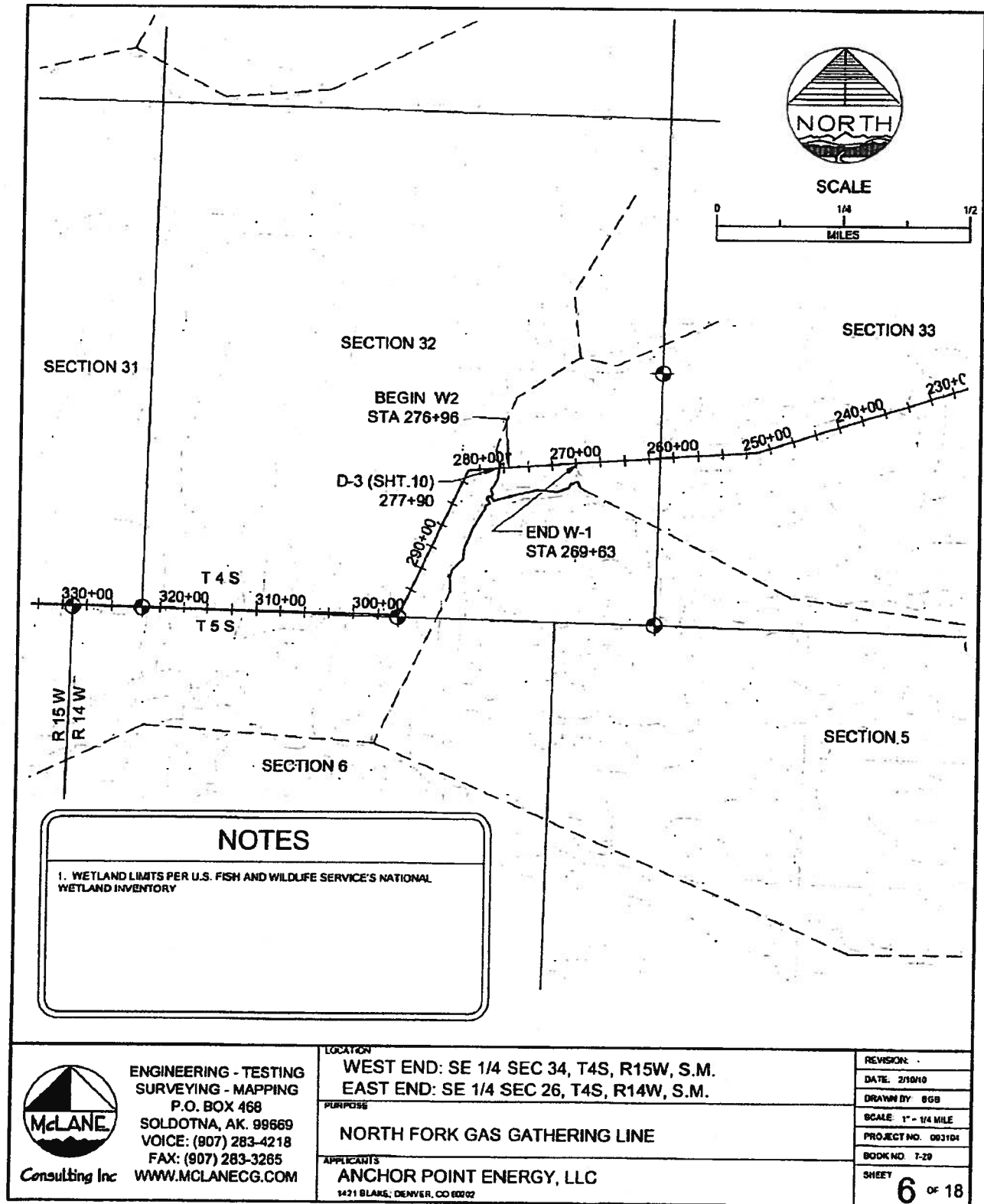


Figure 5-5. Route Map-Sheet 6.

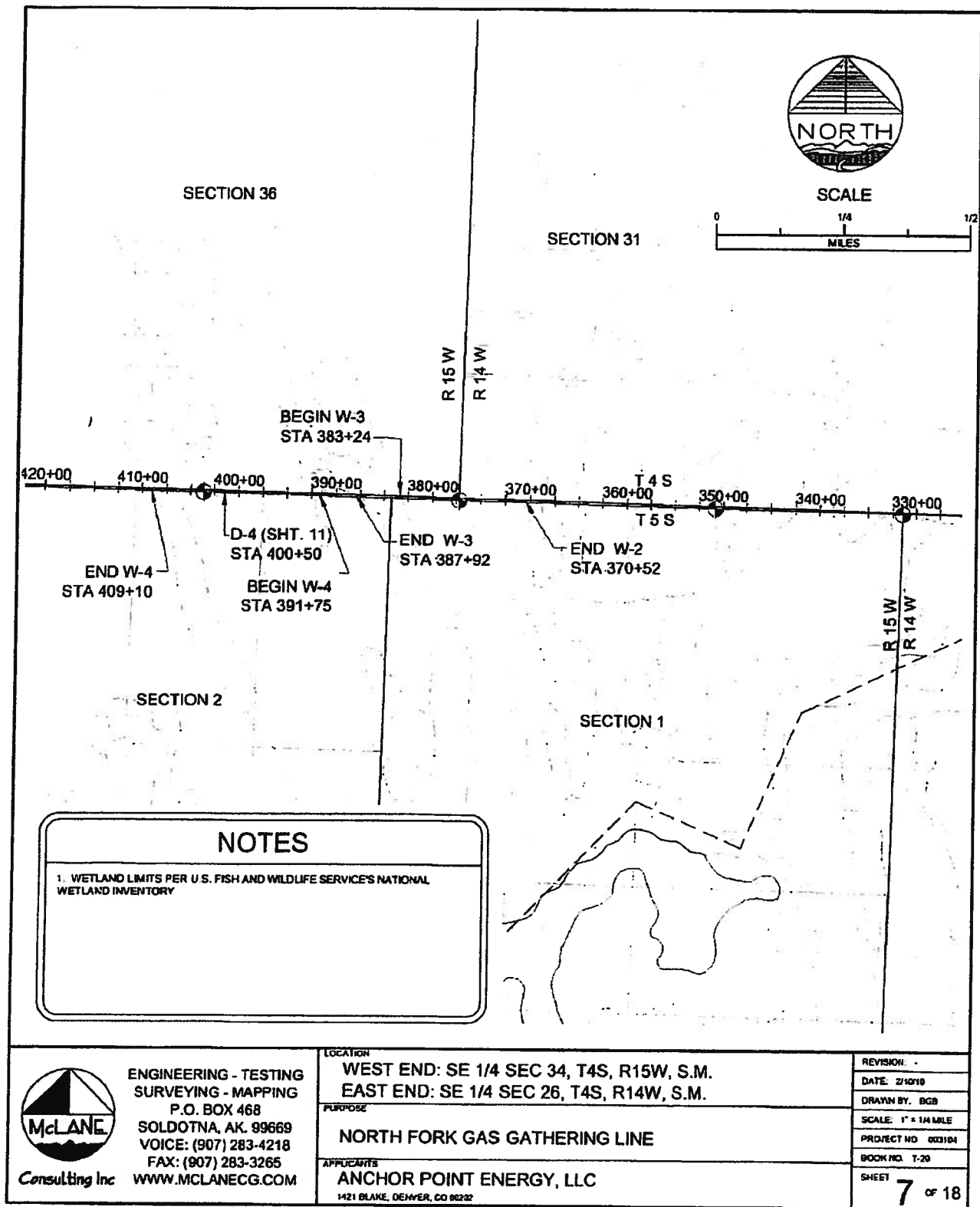


Figure 5-6. Route Map-Sheet 7.

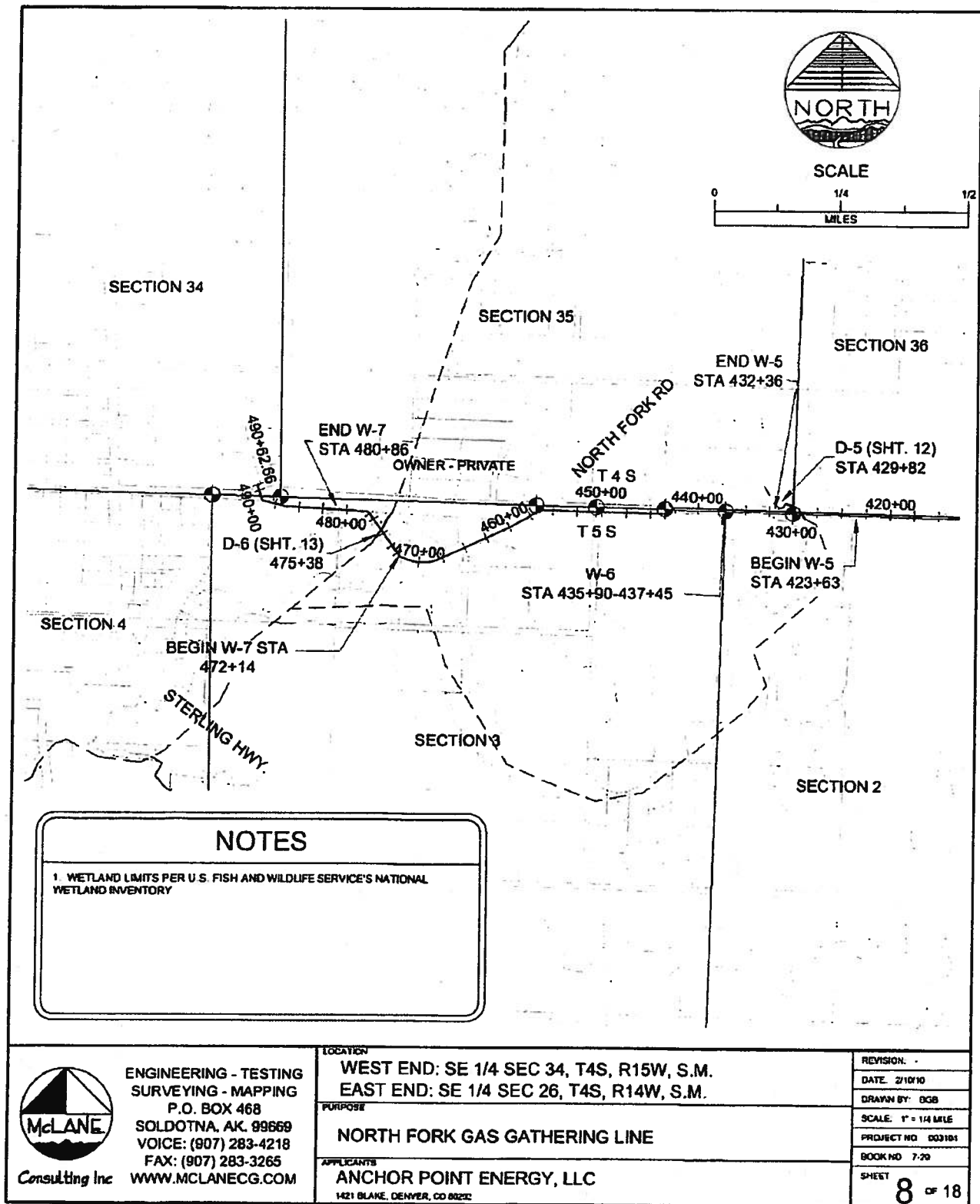


Figure 5-7. Route Map-Sheet 8.

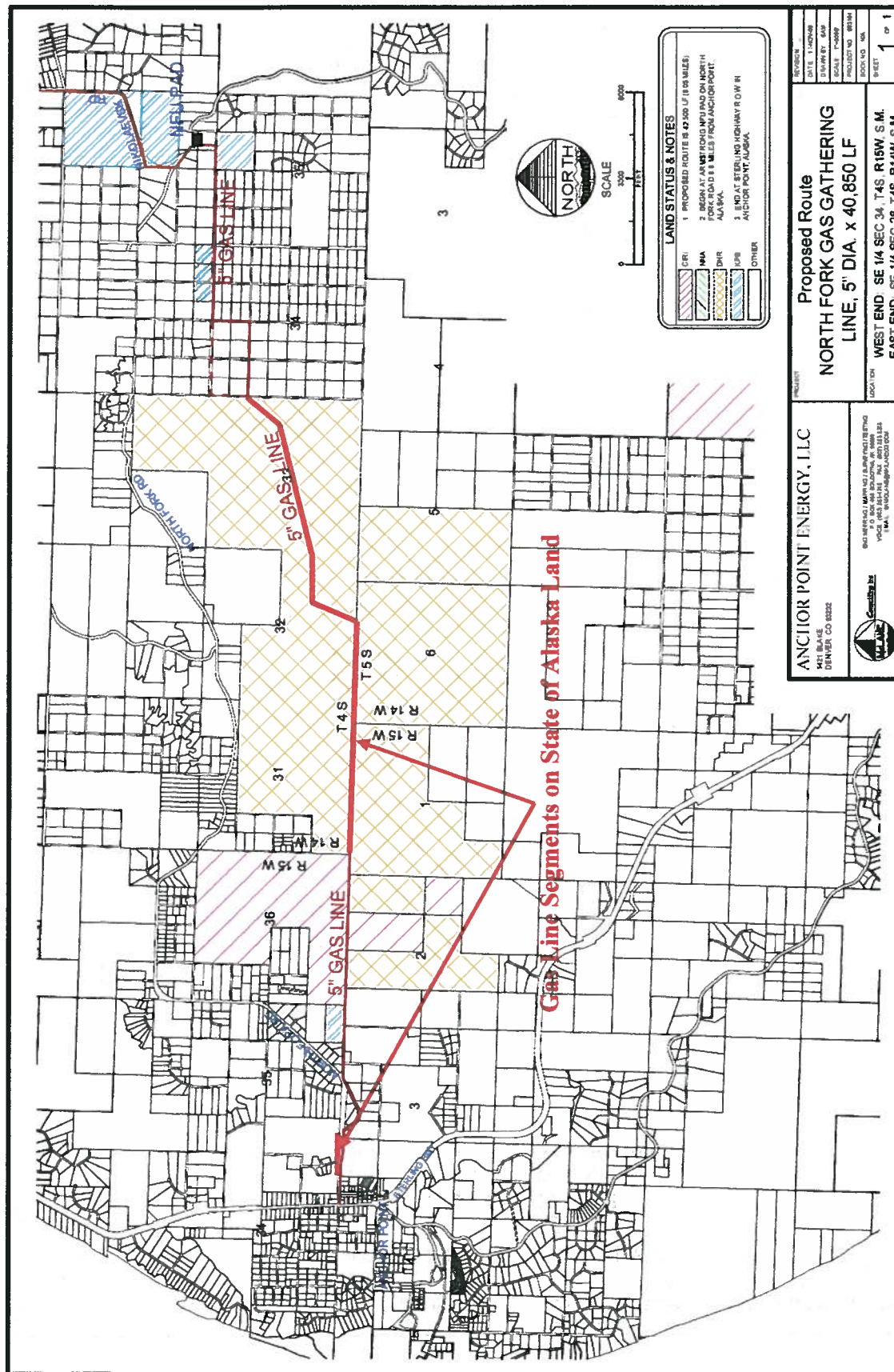


Figure 6-1. Map Showing State of Alaska Ownership.

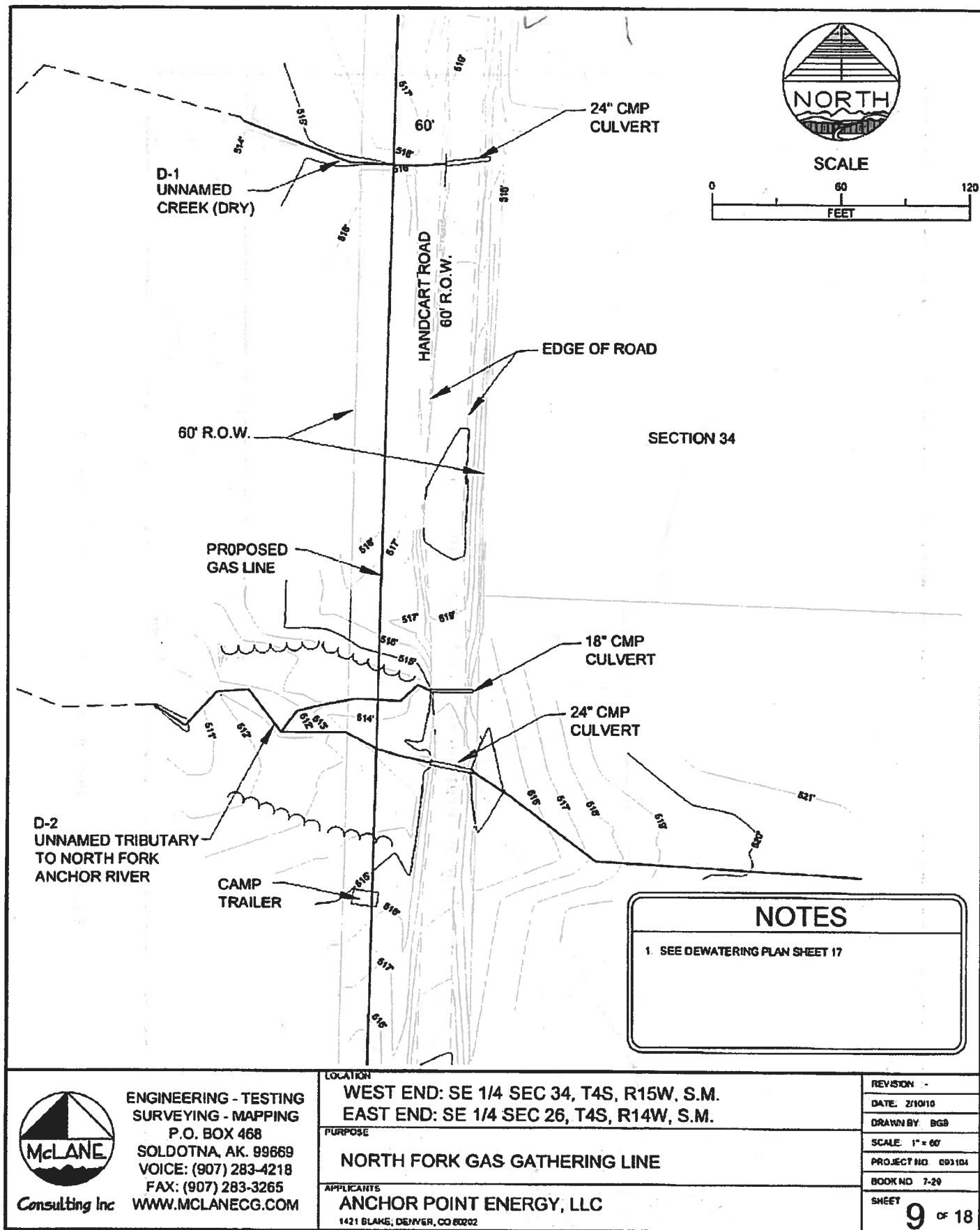


Figure 9-1. Crossing for Unnamed Tributary to the North Fork River.

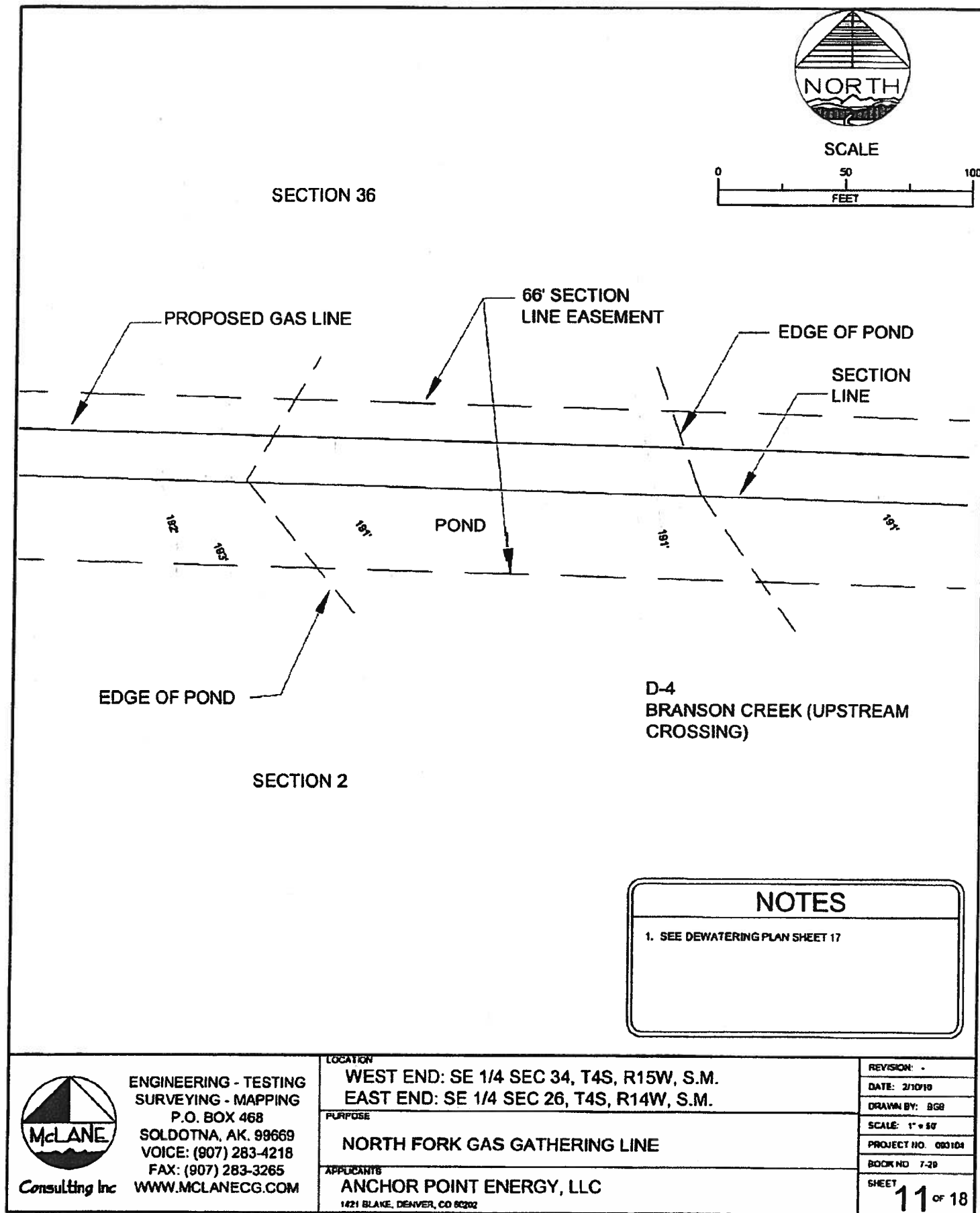


Figure 9-3. Upstream Crossing for Branson Creek.

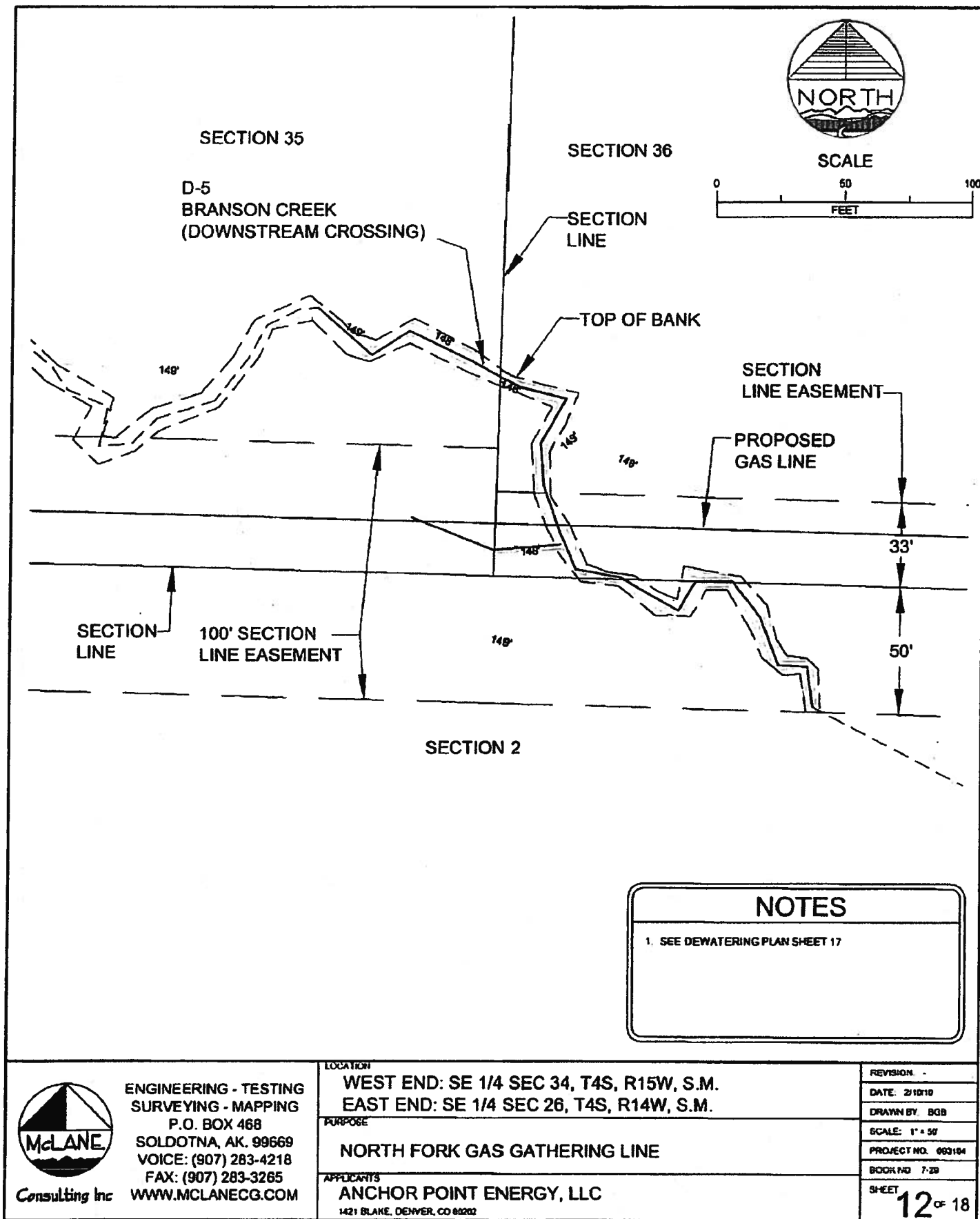


Figure 9-4. Downstream Crossing for Branson Creek.

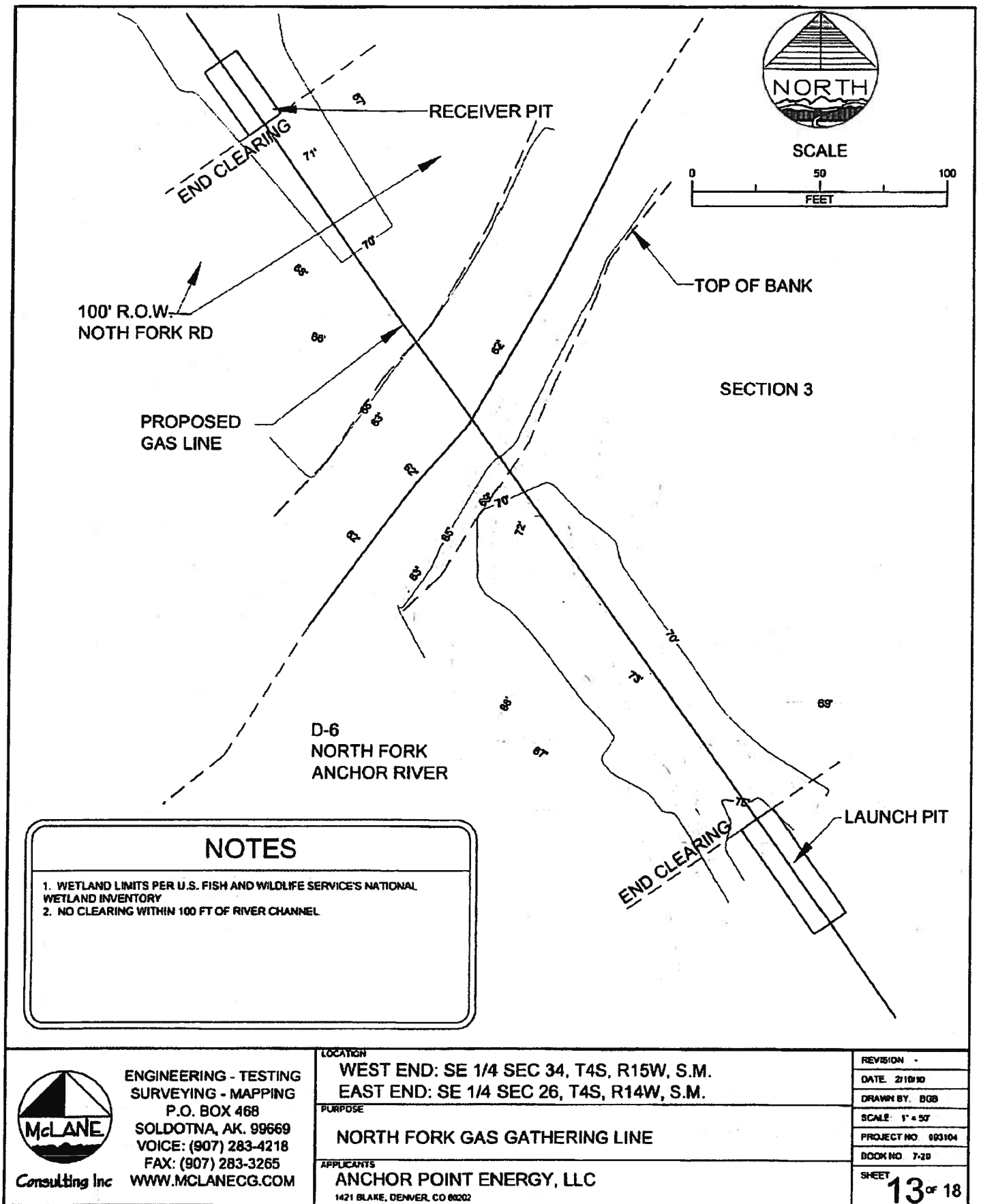
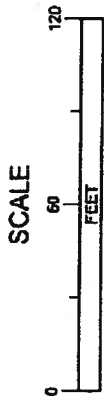
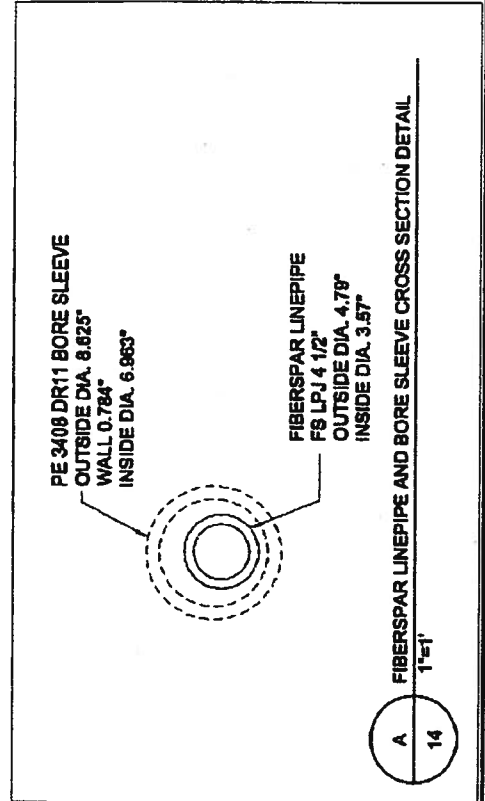
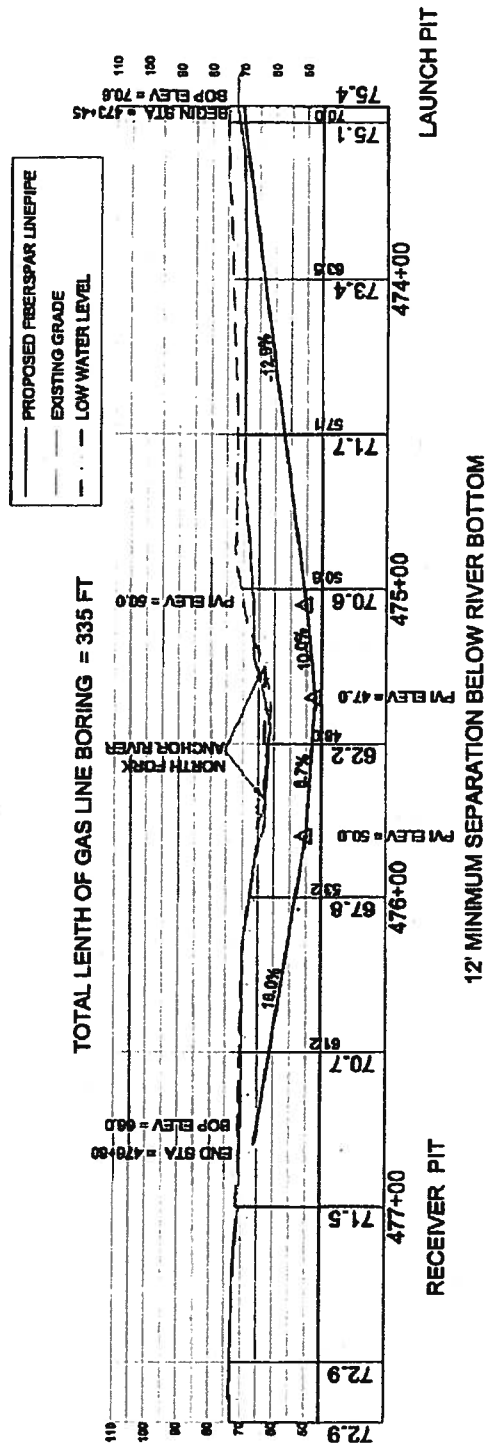


Figure 9-5. Crossing of the North Fork River-Plan View.



GAS PIPELINE & NORTH FORK ANCHOR RIVER BORING PROFILE



Consulting Inc

ENGINEERING - TESTING
SURVEYING - MAPPING
P.O. BOX 468
SOLDOTNA, AK. 99669
VOICE: (907) 283-4218
FAX: (907) 283-3265
WWW.MCLANECG.COM

LOCATION

WEST END: SE 1/4 SEC 34, T4S, R15W, S.M.
EAST END: SE 1/4 SEC 26, T4S, R14W, S.M.

PURPOSE

NORTH FORK GAS GATHERING LINE

APPLICANTS

ANCHOR POINT ENERGY, LLC

1421 BLAKE, DENVER, CO 80202

REVISION

DATE: 2/10/10

DRAWN BY: B08

SCALE: 1"=00'

PROJECT NO. D03104

BOOK NO. 7-29

SHEET

14 of 18

Figure 9-6. Crossing of the North Fork River-Profile View.

PART II. PROJECT DESCRIPTION

15. Substance(s) to be transported:

The pipeline will carry sales quality natural gas from the North Fork Unit.

16. Size, engineering and design characteristics and amount of each type of pipe to be used:

| Pipe Type | Pipeline Length | Use |
|-------------------------|-----------------|----------------------------------|
| FS LPJ 4 1/2" 2,250 (E) | 40,850 ft | Proposed Dual Line Configuration |

Technical specifications for these pipes are provided in Figure 16-1.

17. Size, number and location of pumping, compressing, heating or refrigeration stations:

There will be up to two compressors located either at the North Fork Unit (NFU) production pad and/or at the Anchor Point metering facility. Compressor(s) at the NFU pad would likely be a Waukesha L5774LT. Specific characteristics of the compressor include:

| Parameter | Value |
|--------------------------|--------------------------|
| Capacity | 1,280 bhp per compressor |
| Hour of Operation | 8,760 hours per year |
| Maximum Fuel Consumption | 9,984 scf/hour |
| Annual Fuel Consumption | 87,459,840 scf/year |

If a compressor is required at the Anchor Point pad it might be an electrical compressor with the same approximate horsepower.

18. Transportation capacity of the proposed pipeline:

The flowrate for a single line will be approximately 9 MMSCFD if the gas leaves the pad at 1300 psig with delivery to Enstar of 1100 psig using a single 4.5" line. Dual 4.5" lines will carry 18 MMSCFD under the same pressures. The decision to use a single or dual lines has not been made at this time.

| Pipe Type | Recommended Maximum Operating Pressure | Proposed Maximum Operating Pressure | Pipeline Capacity |
|------------------------------|--|-------------------------------------|-------------------|
| Dual FS LPJ 4 1/2" 2,250 (E) | 2,250 psi | 1,300 psi | 18_mmscfd |

19. Estimated life of the pipeline:

The manufacturers listed pipe life is 20 years at the maximum allowable operating temperature and at the MAOP, and the proposed project life is 30 years. The manufacturer has stated that the pipe life will exceed the proposed project life if the pipe is operated at the proposed operating temperature and pressure.

20. Planned temperature at which each substance will be transported and whether it will be heated or refrigerated-to maintain that temperature.

The temperature of the natural gas that leaves the NFU Pad will be <150°F. The estimated gas temperatures at the end of the pipeline where it ties in to the Enstar line will be dependent on ground temperatures which are estimated to generally range from about 25 to 50 °F dependent on the season.

21. The pipeline will be (check as appropriate):

- ☐ Supported over the surface along its entire length
- ☐ Partially buried along its entire length
- ☐ On the surface along its entire length
- ☒ Completely buried along its entire length
- ☐ None of the above (If this is checked, attach a map showing which portions of the pipeline are planned to be over the surface, on the surface, partially buried and wholly buried.)

22. Describe the methods to be employed for partially or completely burying any portion.

The pipeline will be constructed of a spoolable thermoset plastic composite pipe that is manufactured by Fiberspar LinePipe LLC. The pipe that will be used will have a diameter of 4.5 inches. The pipe has three layers including an inside HDPE pressure barrier, a middle glass fiber reinforced epoxy laminate structural layer, and an outside HDPE wear resistant layer. The pipeline will be contained on spools each of which contain up to 4,000 feet of pipe.

Pipeline construction activities will be preferably conducted during the winter months, but it may need to be constructed in summer. A corridor about 50 feet wide will need to be cleared to facilitate construction. Commercial timber (6 inches or more breast high diameter) will be cut and stacked next to the cleared corridor for use by local residents. Remaining trees and shrubs will be cleared either by hand or by using a hydroax.

Next a trench will be constructed using a combination of a wide track dozer and excavator. Use of wide track equipment is necessary to minimize terrain impacts especially in the wetland areas, and matting may be required if construction is to occur in the summer. A trench approximately 3 feet wide and 5 feet deep will be constructed. The top layer of soils will be set aside during excavation so that they can be placed at the top of the trench when refilled. A minimum of 48" of cover will be placed on top of the pipe.

Once the trench is cut, the pipeline will be spooled into the trench. In areas of high water tables (typically wetlands) non-degradable sand bags will be placed on top of the pipeline to keep the pipeline buried in the presence of buoyant forces. In areas which have an irregular bottom, bedding material may be needed.

23. Describe any bridges, trestles, other structures or berms for the support of the proposed pipeline.

There are no structures planned to be a part of the proposed pipeline

24. Describe the proposed method for all stream crossings and crossings of other bodies of water.

There are four minor stream crossings that while not listed as anadromous fish streams are assumed to have salmon smolt present. Pipeline construction will be conducted either in the winter (preferred) or summer. For winter construction, these streams will be frozen to the bottom and the trench will be excavated the same as if it is winter construction in wetlands. If summer construction is used, the stream will be dammed upstream and downstream of the crossing and streamflow pumped across the construction area (using appropriate intake screens). The depth of cover at the stream crossing will be at least 4 feet below the bottom elevation of the stream channel. The stream banks will be reconstructed after completion of the trench backfilling or during the subsequent summer if constructed in winter.

The pipeline will also cross the North Fork River, and this crossing will be horizontally drilled beneath the river channel to avoid potential impacts to anadromous fish. The pipeline will be at least 10 feet below the river channel.

25. Describe the proposed methods for grades, cuts or fills.

There are no plans to alter the surface grade or make cuts or fills along the pipeline route.

26. Discuss planned facilities for spill or leak prevention and containment.

The pipeline will contain only natural gas which will not create pollution if a leak occurs. Specific actions to be implemented to prevent leaks include:

- Locating the line in sparsely populated area

- Depth of cover of at least 4.5 feet to minimize impact from construction activities at the land surface.
- Placing foil tape in the backfill above the pipelines to provide an indicator of the pipelines in the event of excavations in the area.
- Place surface markers in accordance with DOT requirements to indicate the presence of a high pressure gas line.

The gathering line will be sectionalized and blowdowns designed in accordance with 49 CFR 192.179.

27. Proposed access roads, airstrips, heliports, float plane facilities, communication facilities, storage sites for equipment and materials, material sites, and material disposal sites, whether planned for construction, operation or maintenance support:

Proposed construction and operation activities will use existing infrastructure. The possible exception will be construction of a temporary staging pad for construction. Specific infrastructure to be used may include:

- Access roads: Sterling Highway, North Fork Road, and minor gravel roads in the area.
- Airstrips: Homer Airport, Kenai Airport
- Heliports: None planned except possibly for medivac
- Float Plane Facilities: None planned
- Communications Facilities: Communications cable on site at the NFU Pad. Other communications will be cellular.
- Some storage on the NFU Pad. Construction storage to be established potentially on CIRI land located about midway on the pipeline route.

28. Size, number, approximate location and planned duration of field camps:

The construction activities will not require any field camps. A construction office may be established at the staging pad.

29. Size, number and approximate location of housing for personnel operating or maintaining the pipeline:

Approximately 40-50 persons may be required for construction activities. Construction personnel will be housed in local hotels, motels, or in other private house. The likely timing of construction in late fall or winter will be during low use periods for these facilities.

Approximately 2 -4 persons may be required at the NFU Pad for production operations; these personnel would also handle maintenance operations for the pipeline. There will be an office facility at the NFU Pad, but the personnel probably will be housed in their own residences offsite.

30. Size, number and approximate location of health care facilities:

There will be no health care facilities constructed as a result of the proposed operations. Instead, the applicant will use existing facilities at Homer, Soldotna, and Anchorage.

31. Approximate number of persons to be employed during construction:

Approximately 40 personnel will be required for winter construction and an estimated 50 persons will be required if construction occurs in the late fall. The additional personnel are primarily required to handle matting that would be required to permit equipment to work in wetland areas.

32. Approximate number of persons to be employed to operate and maintain the pipeline:

Approximately 2 -4 persons may be required at the NFU Pad for production operations; these personnel would also handle maintenance operations for the pipeline.

33. Planned commencement date for construction:

The construction activities are currently planned to commence in the fall of 2010 for upland areas and be completed by early 2011. Wetlands work will be done in the winter months.

34. Estimated construction time:

The construction activities are estimated to require about 1 week for ROW clearing, 1 month for pipe installation, and 3-4 weeks for construction of the metering building.

35. Planned commencement date for operations:

The planned commencement date for operations will be dependent on completion of the Enstar line, but it is estimated that this may occur by March 2011.

36. Estimated cost of materials:

The estimated cost for materials is as follow:

- Fiberspar Pipe: \$2,000,000 FOB Site
- Metering and Pigging Equipment/Structures: \$1,000,000.

37. Estimated cost of construction and installation:

The estimated cost of construction is \$3,000,000 based on contractor estimates.

38. Estimated annual cost for operations and maintenance:

Annual O&M activities will primarily be handled on a part time basis by personnel associated with production operations at the NFU Pad. The pro-rated costs of pipeline O&M is estimated at \$200,000 per year.



FS LPJ 4 1/2" 2,250 (E)

4 1/2 Inch Nominal, 2,250 Series Fiberspar LinePipe-J w/HDPE Pressure Barrier & HDPE External Wear Layer

Product Data Sheet (Imperial Units)

ASTM 2996 Designation:

RTRP-11HZ1-4112

Physical Properties:

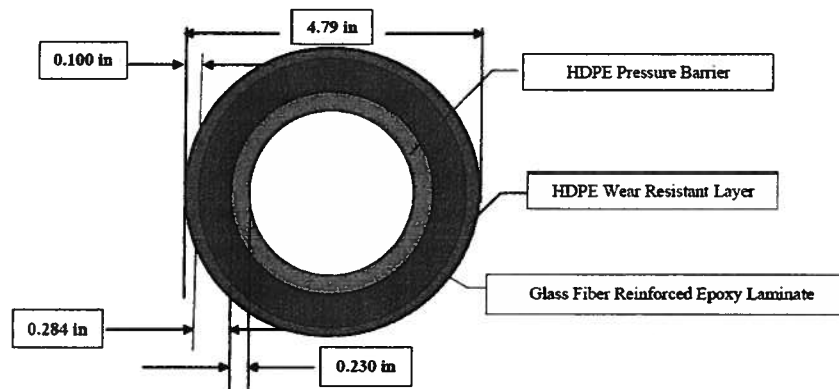
Fiberspar s/n:

JEFN045026

| Geometry | | Tensile Modulus | |
|-------------------------------------|--------|------------------------------------|----------|
| Outside Diameter (in) | 4.79 | Axial (psi) | 9.65E+05 |
| Inside Diameter (in) | 3.57 | Hoop (psi) | 1.25E+06 |
| Inside Flow Area (in ²) | 9.98 | Poisson's Ratio | |
| Total Wall Thickness (in) | 0.61 | Major | 0.49 |
| C/S Area (in ²) | 8.06 | Minor | 0.63 |
| Linear Weight | | Thermal Exp. Coeff. | |
| Linear Weight - Air (lb/ft) | 5.06 | Axial (in/in -°F) | 1.17E-05 |
| Linear Weight - Water (lb/ft) | 1.57 | Hoop (in/in -°F) | 6.75E-06 |
| Net Density (lb/in ³) | 0.052 | Thermal Conductivity | |
| Flow Coefficients | | (BTU/hour/ft ² - in/°F) | 1.92 |
| Hazen - William's | 150 | Resin T _g | |
| Darcy-Wiesbach | 0.0004 | (°C) | 125° |
| Manning | 0.009 | (°F) | 257° |

Mechanical Performance:

| Maximum Operating Temperature | 140 °F | | |
|---|--------|---------|---------|
| Minimum Operating Temperature | -29 °F | 78 °F | 140 °F |
| Max. Recommended Operating Pressure (psi) | | 2,250 | 2,250 |
| Nominal Ultimate Burst Pressure (psi) | | 9,000 | 7,700 |
| Maximum Recommended Tensile Load (lbs) | | 23,800 | 20,400 |
| Nominal Ultimate Tensile Load (lbs) | | 59,500 | 51,100 |
| Nominal Ultimate Compressive Load (lbs) | | -67,800 | -55,600 |
| Nominal Ultimate Collapse Pressure (psi) | | 1,950 | 1,950 |
| Minimum Operating Bend Radius (in) | | 77 | 77 |
| Minimum Spooling Diameter (in) | | 132 | 132 |



Fiberspar LinePipe LLC
(713) 849-2609

www.fiberspar.com

Rev: 1.0
December 11, 2007

Figure 16-1 Technical Specifications for the Fiberspar 4 1/2" 2,250 psi Pipe.

PART III. AVAILABILITY OF INTERCONNECTIONS, TERMINAL FACILITIES AND STORAGE FACILITIES

39. Describe how the proposed pipeline will connect with planned field gathering systems, if any.

There will be an estimated 10 natural gas wells drilled within the North Fork Unit (NFU). One well (Well 41-35) was drilled in 1965 at a nearby location and all other gas wells planned at this time will be drilled from the NFU Pad.

There will presently be a processing facility with future separators, dehydrator unit and compressor(s) at the NFU Pad. Depending on the final design, there may also be a compressor located at the Anchor Point metering pad. There will also be a separate in-field gathering line to transport natural gas from an old well in the unit (Well 41-35) approximately 1,800 ft to the NFU Pad. A 4 inch Fiberspar line will be used to transport the unprocessed natural gas. The gas from the off pad well and all other wells will be processed at the NFU Pad and then will be sent to the processed gas pipeline to the Enstar pipeline.

All aboveground piping will be steel.

40. Discuss the technical and economic feasibility of providing connections with other field gathering systems at intermediate points along the proposed pipeline.

It is quite possible that unprocessed natural gas could be delivered to the NFU Pad for processing and incorporation into the proposed pipeline. The proposed pipeline is not set up to handle unprocessed natural gas into the line. Branches for future tie-ins of processed gas can be readily added as required.

41. Discuss the technical and economic feasibility of providing connections or interchanges with other pipelines at intermediate points along the proposed pipeline.

The applicant recognizes that there are other potential natural gas developments in the general area. Other natural gas producers have not provided any viable scenario for incorporation of their production into our gas pipeline. Besides the capacity and pressure constraints, we are unaware of any reasons why sales quality gas from a new development could not tie into our proposed pipeline.

42. Describe the location, area and capacity of proposed tank farms or other storage facilities.

The natural gas in the NFU is a very dry gas with very little produced liquids. It is possible that produced water may become an issue at some time in the future, and it is estimated that there may be a need to put in a storage tank to temporarily store these fluids. If necessary

there could be a single tank about 100 bbl in size at the site. The produced fluids would either be disposed of in an injection well onsite, or they would be loaded into trucks and hauled offsite for disposal at an approved facility.

43. Provide locations of and describe any terminal delivery facility of the proposed pipeline.

The pipeline will terminate at a metering building in Anchor Point where gas will be transferred to the Enstar pipeline. The metering building will be about 500 square ft in size and will be located on a lot of about 0.5 acres in size. The metering building would likely be unmanned and within a fenced enclosure.

44. Discuss the technical and economic feasibility of providing delivery facilities at intermediate points along the proposed pipeline.

From a regulatory standpoint, Anchor Point Energy, LLC is not a utility and cannot sell gas to the end users. If there was a possibility of local sales, a low pressure tap would need to be placed in the line at a cost of about \$200,000 per location. It may be possible to have a lower pressure tap located at the NFU Pad; those costs have not yet been developed.

PART IV. SAFEGUARDS FOR PERSONS, PROPERTY, THE PUBLIC, AND THE ENVIRONMENT

45. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance or termination of all or any part of the proposed pipeline that may cause or threaten to cause a hazard to the safety of workers on the pipeline project.

Compliance monitoring will be used during all project phases. Components of the program will include:

- Assembly of all permit applications and final permit in a convenient location at the NFU location in order to ensure that onsite personnel understand regulatory requirements.
- Establishing a compliance matrix that describes routine permit related inspections and other activities. These activities are to be implemented by the Lead Operator onsite.
- Independent monitoring of site activities to ensure that the compliance monitoring program is being properly implemented.

An Emergency Response Plan will be developed to outline potential hazards and corrective actions. As part of this plan, Anchor Point Energy/Armstrong Cook Inlet Energy will establish an Incident Command Structure that is compatible with that used by State and Federal emergency response organizations. Specific emergencies that will be addressed will include:

- Serious illness or injury
- Fatality
- Fire or explosion
- Pipeline rupture or emergency
- Well site emergency
- Production facility emergency
- Oil or hazardous material spill
- Earthquake
- Volcanic ash fallout
- Forest fires
- Bomb threat, terrorism or other criminal act
- Pandemic flu

46. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance or termination of all or any part of the proposed pipeline that may cause or threaten to cause a hazard to the public health and safety.

The primary threat or hazard to public health and safety will be associated with release of natural gas only during operation of the pipeline. There are no other significant events that can be identified to pose serious hazards to public health and safety during the construction phase.

The primary types of releases may include a leak or a pipeline rupture as discussed in the following bullets:

- **Pipeline Leaks:** Pipeline leaks would include a relatively small leak of natural gas that may or may not be detected by monitoring pipeline pressure drops. The source of leaks may include areas where the pipe is spliced, at emergency blowdown locations, or at the metering building. The primary threat would be that if a ignition source was introduced in the vapor plume resulting in a fire or explosion. A gas leak might be detected during routine maintenance inspections required by DOT (49 CFR 192 requires a minimum of twice yearly patrols and yearly leakage surveys for the pipeline), by detection of the sound of leaking gas, or with hand held gas meters. The natural gas will not contain odorants and will likely not be detected by smell. Once detected the source of the leak will be identified and repairs will be implemented.
- **Pipeline Ruptures:** Pipeline ruptures may occur as a result of physical damage to the line as a result of excavations in the vicinity of the line, as a result of a leak that ignites and explodes, or possibly as a result of an earthquake. Pipeline ruptures will be detected by pipeline monitoring equipment and the location of the rupture can be determined by direct visual observations. With a rupture the line will be immediately shut down and appropriate actions will be taken to determine the cause of the incident. Repairs of the line will be conducted as permitted by regulator agencies.

47. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance or termination of all or any part of the proposed pipeline that may cause or threaten to cause serious and irreparable harm or damages to public or private property.

The only event that potentially could cause serious an irreparable harm or damages to public or private property would be a result of a pipeline rupture and explosion. An explosion could also result in loss of life. The pipeline rupture was discussed in the preceding item.

48. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance or termination of all or any part of the proposed pipeline that may cause or threaten to cause serious and irreparable harm or damages to vegetation or timber.

The primary incidents that could result in serious harm or damage to vegetation include:

- **Fire that spreads to adjacent vegetation.** At present there are no know situations that could pose a fire hazard along the pipeline, but a fire at the metering building could threaten other structures and possibly vegetation in the area. In this event, the Anchor Point Fire Department would be call to respond to this sort of event.
- **Spill of liquids that could kill or damage vegetation.** At present there is some potential for a produced fluid/brine spill at the NFU Pad, but these fluids are not associated with the pipeline operation.

49. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance or termination of all or any part of the proposed pipeline that may cause or threaten to cause serious and irreparable harm or

damages to fish or other wildlife or to their habitats.

The primary incidents that could result in damage to fish will be associated with activities at or adjacent to stream crossings. These may include:

- Increase turbidity from siltation/erosion from construction at small stream crossings: Improperly constructed stream crossing construction could result in increased siltation in a local stream. The four small stream crossings are planned to be constructed in the winter when the channels will typically be frozen to the bottom. In this situation construction can occur without much threat to direct water quality impacts. If it is necessary to construct during the late fall, then a diversion/pumping system (to be described in the Design Basis Manual) will be established. Stream channels and banks will be restored as necessary to return the crossing to normal conditions.
- Adverse impacts at the North Fork River crossing. The North Fork River crossing will be directionally drilled beneath the river channel to avoid any impacts to the channel and its important fisheries. One concern would be to avoid drilling muds from entering the stream during the horizontal drilling operations. We understand this concern and will ensure that a proper wellbore positional control program is in place to eliminate this type of incident.

50. Describe your plans for restoring areas of vegetation or timber damaged or harmed directly or indirectly by the construction, operation, maintenance or termination of all or any part of the proposed pipeline.

If any unplanned damage occurs to vegetation or timber, it will be repaired as directed by the affected land owner and/or regulatory agency. It is recognized that some trees will need to be removed from a 50 foot wide construction ROW and these trees are not planned to be replaced. The actual amount of trees cut is minimal as much of the area is in wetlands and is not treed. Anchor Point Energy will have a restoration contractor available to respond to potential issues as necessary.

51. Describe your plans for abating erosion and restoring areas eroded as a direct or indirect result of the construction, operation, maintenance or termination of all or any part of the proposed pipeline.

The most important vegetation related issue will be associated with erosion control. Other than erosion at stream crossings as previously mentioned, erosion is a potential concern primarily in the upland areas. The Soil Conservation Service conducted a detailed survey of the immediate area that encompasses the pipeline route, and all wetland area have been classified as having slow runoff and the hazards of erosion occurring is classified as slight to none.

The primary means to ensure that the erosion potential will be minimized is to:

- Conduct construction activities during the winter months.
- In excavating the trench, the trench sides will be first cut vertically using on the sides of the trench. Excavated materials will be carefully placed on the side of the trench and

returned to the trench as soon as the pipe has been laid in the trench. The upper foot or so of the soils will be carefully removed and then replaced back on the surface of the filled trench in a manner to ensure that the shallow root systems will rapidly re-establish the native vegetation species.

- The entire pipeline route will be re-examined by the restoration contractor to ensure that the disturbed areas are being naturally restored.

52. Describe your plans for quality control and your procedures for inspection and testing the pipeline, both during and after construction.

Fiberspar LinePipe is manufactured using a Fiberspar quality system that meets or exceeds the requirements of ISO 9001 and API Q1. All produced pipe is serialized and marked to ensure full traceability of raw materials used in the process. Process parameters are computer controlled and continuously monitored to ensure a quality finished product. Each section of pipe manufactured is also subjected to a factory hydro test to 1.5X the recommended operating pressure of the product. In addition, lot samples are taken from manufacturing runs and destructively tested in the lab to ensure that manufacturing runs meet minimum physical, mechanical, and chemical properties.

A Certificate of Conformance (COC) is supplied to customers prior to shipment, which summarizes the results from all quality-assurance tests required by Fiberspar's quality system. LinePipe quality control tests meet or exceed the requirements of API 15 HR, API 15S, CSA Z662 Section 13.1 and ASTM D2996 specifications.

The LinePipe is also installed using trained and certified technicians. The installation is performed following Fiberspar's written procedures and recommendations. Upon completion of the installation, the LinePipe is hydro tested to ensure that no damage occurred during the installation process.

Quality control, inspections, and testing of the pipeline during and after construction will be in accordance with 49 CFR 192 and ASME B31.8

53. Describe your plans to ensure compliance by your contractors and subcontractors with the safeguards and stipulations of the right-of-way lease, if issued.

Anchor Point Energy, LLC will implement a compliance monitoring program as described in Item 46 above. A company representative will be onsite during the pipeline construction period and he will be responsible for ensuring that the compliance monitoring program is followed.

**PART V. SPECIAL SAFEGUARDS FOR NATIVES AND OTHERS SUBSIDING ON THE
BIOTIC RESOURCES OF THE GENERAL AREA OF THE PROPOSED RIGHT-OF-WAY**

54. Describe your plans and procedures to protect the interests of individuals living in the general area of the proposed right-of-way who rely on the fish, wildlife and biotic resources of the area for subsistence purposes.

Primary subsistence use areas are primarily along the shores of Cook Inlet, and there are no known subsistence uses of the immediate area of the pipeline. The possible exception may be a limited amount of hunting in the late fall or winter (presumably for moose) and possibly for berry picking in the fall. While fish are present in the larger rivers in the area (such as the Anchor River and the North Fork River), the upper reaches of these rivers are only available for catch and release or not fishing for salmon and other subsistence fish. The immediate area surrounding the pipeline are not believed to be especially high value habitat for waterfowl (and possible subsistence waterfowl hunting) as there are relatively few lakes near the pipeline.

PART VI FINANCIAL INFORMATION

55. Describe the probable financing requirements for the proposed pipeline.

Anchor Point Energy, LLC will pay cash, therefore no financing will be needed.

56. Attach an annual financial statement and balance sheet for each applicant, prepared in accordance with generally accepted accounting principles for each of the applicant's three fiscal years immediately preceding the date of this application. The financial statement must be certified by a firm of reputable and independent Certified Public Accountants.

See Item 55 above.

PART VII. OTHER INFORMATION

57. Name and address of the proposed general contractor(s) for constructing the pipeline

McLane Consulting, Inc.
38240 Kenai Spur Hwy
Soldotna, AK 99669-0468

58. Name and address of the proposed operator of the pipeline:

Anchor Point Energy, LLC
1421 Blake Street
Denver, Colorado 80202

59. Other information you believe may aid in the consideration of this application.

Permit applications for other agencies are provided with this submittal.

APPLICATION FEES ARE AS FOLLOWS:

Less than 50 miles - \$500.00
More than 50 miles - \$1,000.00

